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TO RUEHC/SECSTATE WASHDC PRIORITY 0119  
INFO RUEHZK/ECOWAS COLLECTIVE  
RUEHUJA/AMEMBASSY ABUJA 9792  
RUEHDS/AMEMBASSY ADDIS ABABA 0185  
RUEAWJA/DEPT OF JUSTICE WASHDC  
RHMCSSU/DEPT OF ENERGY WASHINGTON DC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUCPDOC/DEPT OF COMMERCE WASHDC  
RULSDMK/DEPT OF TRANSPORTATION WASHDC

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STATE PASS USTR FOR AGAMA  
STATE PASS USAID FOR NFREEMAN, GBERTOLIN  
STATE PASS EXIM FOR JRICHTER  
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STATE PASS TDA FOR LFITTS, PMARINDOC FOR  
3317/ITA/OA/KBURRESS  
DOC FOR 3310/USFC/OIO/ANESA/DHARRIS  
DOC FOR USPTO-PAUL SALMON  
DOJ FOR MARI-FLORE KOUAME  
TREASURY FOR RHALL, DPETERS

E.O. 12958: N/A

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SUBJECT: NIGERIA: LAGOS STATE GOVERNOR BRIEFS U/S JEFFERY  
ON DEVELOPMENT EFFORTS

**¶1.** (SBU) Summary: Under Secretary of State for Economic Affairs Reuben Jeffery met July 25 with Lagos State Governor Babatunde Fashola (Action Congress). Fashola briefed the U/S on his efforts to develop Lagos State and was generally optimistic about the progress of democracy in Nigeria. Fashola is trying to improve infrastructure to attract investment, partner with the private sector to increase security on the waterways and in neighborhoods, and enhance the education system by renovating schools and providing free books. He also wants to increase electric power generation capacity, but regulations requiring states to sell any state-generated power to the national grid for distribution limit the extent to which Lagos State can benefit from this effort. He expressed exasperation World Bank loan conditions, saying he would look elsewhere for project financing, and encouraged the U.S. not to "look down" on Africa, an attitude that did not help promote democracy. End Summary.

Positive Outlook on Economy, Political Environment

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**¶2.** (SBU) In a July 25 meeting with Under Secretary of State for Economic Affairs Reuben Jeffery, Lagos State Governor Babatunde Fashola expressed optimism about Nigeria and the Government of Nigeria (GON), saying the GON had adopted critical reforms in the political, economic, and judicial realms. Overall, he said he believed Nigerian democracy was getting stronger as evidenced by the past nine years of democratic governance and a smooth transition of power following the 2007 election. While the system was not perfect, he said, the country is learning, and Nigeria's judiciary had the largest and most robust group of judges and lawyers in the region. The economy was getting stronger with sustained growth, and investment was yielding a high rate of return, he added.

**¶3.** (SBU) Fashola outlined how the Lagos State Government (LASG) was contributing to the economic development of a state that is home to one of the world's mega-cities by cooperating with the city of London to attract investment and

develop a "financial triangle" connecting the financial centers in Lagos, London, and New York. LASG has begun an infrastructure development project, including a Bus Rapid Transit system, and the city was currently undergoing "major reconstruction" after three decades of neglect, Fashola said.

One downside of LASG's ambitious development projects is that they fuelled migration into the city which strained the system even further, Fashola noted.

#### Private Sector to Co-finance Security Projects

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**¶14.** (SBU) The U/S thanked the Governor for his efforts to address the safety and security of ConGen Lagos personnel. Fashola noted that security in the city was a priority and that he had increased patrols on the waterways. In addition, LASG was launching a security trust fund, co-financed by the private sector, to acquire additional patrol vehicles, communication equipment, and information technology systems. As part of the project, cameras will be installed around the city for security, he reported, and LASG had signed an agreement with U.S.-based Cisco Systems to develop a security information data warehouse.

#### Going for Broke to Address Electric Power Issue

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**¶15.** (SBU) Fashola said he had decided "to go for broke" to address lack of electric power in the state. States can generate power, he said, but any power generated had to be sold to the GON and connected to the national grid precluding

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states from controlling its distribution. Fashola said he believed the power sector needed to be deregulated but the first step to addressing the power shortage would be to get the pricing, safety, and quality standards right. While the Federal Government was developing plans to address the issue, he said, LASG had taken steps to encourage the establishment of companies to manufacture cables, transformers, and other equipment in order to be ready when the sector was on its feet. Fashola also said he was assessing the feasibility of establishing a nuclear power plant, although he admitted the concept is still in its infancy.

#### Legislation Required to Actualize Development Plans

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**¶16.** (SBU) Governor Fashola believes development plans need to be embodied in legislation so that they cannot be altered, reneged on after change of political administrations or altered on a whim. Legislation-based development plans will limit discretion, force government to follow plans, and make the court the arbiter when disputes arise, he said. Fashola said he is rushing to complete an infrastructure master plan to allow people to envision what Lagos State will look like in ten years and to guide rational investment decisions. The state is moving ahead with the Lekki Free Trade Zone. U.S.-based AYR Logistics had just signed a concession agreement to develop 1,000 hectares of the trade zone, he told the Under Secretary.

#### Lagos to Promote Aquaculture, Meat Processing Industries

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**¶17.** (SBU) Governor Fashola noted the lack of available land for farming and agriculture production in Lagos State, but said Lagos State had a comparative advantage in aquaculture which he planned to exploit. Fashola will zone the Eastern axis of Lagos State to provide incentives for aquaculture and meat processing industry development, in which he would welcome U.S. investment.

#### Education Infrastructure Missing, Teachers Need Training

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¶8. (SBU) Fashola lamented the state of the education system in the state. He said teachers needed additional training, more schools were needed, and existing ones needed repair and maintenance. School renovation should include the provision of drinking water and construction of green areas, and playgrounds. Funding remained a major challenge on these projects, but Lagos State was committed to providing free books for students; these books are currently under production.

U.S. Should Not "Look Down" on Africa

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¶9. (SBU) On democracy, the U.S. model must be assessed in light of cultural differences, Fashola underscored. He maintained that democracy meant nothing without food, water, and power and chastised the United States for looking down on Africa, he said. Such an attitude breeds mistrust and without trust there is no basis for partnership.

Local Financing Schemes to Restore Trust in Government

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¶10. (SBU) Fashola complained of delays, red tape and unreasonable conditions that plagued World Bank-financed projects in Lagos. Projects financed by foreign assistance sustained the notion that Nigeria's government do not work, he said which is detrimental to democracy. As a result, Fashola planned to look for alternative project-financing

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schemes for development in Lagos State.  
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